

AMENDED IN SENATE JULY 17, 2007

AMENDED IN ASSEMBLY JUNE 1, 2007

AMENDED IN ASSEMBLY MAY 16, 2007

AMENDED IN ASSEMBLY MAY 2, 2007

AMENDED IN ASSEMBLY APRIL 17, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

**No. 1091**

---

### Introduced by Assembly Member Bass

February 23, 2007

---

~~An act to amend Section 53562 of, and to repeal and add Section 53563 of, the Health and Safety Code, relating to housing. An act to amend Section 53562 of the Health and Safety Code, relating to housing.~~

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1091, as amended, Bass. Transit-Oriented Development Implementation Program.

The Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are required to be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury, requires the sum of \$300,000,000 to be deposited in the Transit-Oriented Development Account, which the act establishes in the fund, and makes the money

in the account available, upon appropriation, for expenditure under the Transit-Oriented Development Implementation Program, which is established under existing law under the administration of the Department of Housing and Community Development.

Existing law requires the department, to the extent that funds are available under the program, to make grants to cities, counties, cities and counties, redevelopment agencies, or transit agencies for the provision of infrastructure necessary for the development of higher density uses within close proximity to a transit station, or to facilitate connections between that development and the station.

~~This bill would substantially revise the housing requirements for grants for the provision of infrastructure necessary to support a higher density development project within close proximity to a transit station authorize the department to supply certain financial assistance, subject to specified standards, to local governments, redevelopment agencies, and transit agencies for providing the infrastructure necessary for the development of higher density uses, including residential uses, within  $\frac{1}{2}$  mile of the entrance to a transit station, via a readily walkable route.~~

~~The bill would require the department to establish guidelines for the distribution of funds made available to the program under the bond act, based on certain criteria relating to providing multiple benefits, coordinating funding from multiple sources of local funding and from sources other than bond funds derived under the act, increasing public transit ridership, and other factors.~~

~~The bill would authorize the department, to the extent that funds are available, to make loans for the development and construction of a housing development project within close proximity to a transit station, subject to certain affordability requirements.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 53562 of the Health and Safety Code is  
2 amended to read:  
3 53562. (a) (1) To the extent that funds are available, the  
4 department shall ~~make grants~~ *provide assistance* to cities, counties,  
5 cities and counties, redevelopment agencies, or transit agencies  
6 for the provision of infrastructure necessary ~~to support a higher~~  
7 ~~density development project~~ *for the development of higher density*

uses within close proximity to a transit station, or to facilitate connections between that development and the station. ~~For the infrastructure to be eligible for a grant, the transit-oriented development project to be supported by the infrastructure shall include housing and may include nonresidential uses. At least 25 percent of the units in the transit-oriented development shall be made available at an affordable rent or at an affordable housing cost to households of very low, low, or moderate income, subject to the following:~~

*(2) If the higher density uses to be supported by the infrastructure include residential uses, then at least 20 percent of the residential units shall be made available at an affordable rent or at an affordable housing cost to households of very low, low, or moderate income, with no less than 10 percent of the residential units made available at an affordable rent or at an affordable housing cost to households of very low or low income, subject to the following:*

~~(1)~~

*(A) For rental units, the units shall be subject to a regulatory agreement recorded against the property that obligates the owner to maintain rents on the restricted units at levels affordable to very low-income or low-income households for at least 55 years.*

~~(2)~~

*(B) For ownership units, units shall be initially sold to very low income, low-income, or moderate-income households at an affordable housing cost, and the units shall be subject to a recorded covenant that includes either a resale restriction for at least 55 years or equity sharing upon resale. ~~If public funds are used to achieve an affordable housing cost, then upon the resale of an assisted unit, the public entity shall ensure the repayment of the public funds and reuse of those funds for affordable housing for a period of at least 20 years.~~ The proposed mechanism for restrictions of ownership units shall be consistent with criteria established by the department.*

*(3) The department shall provide assistance in the form of grants unless the higher density uses to be supported by the infrastructure are located within a redevelopment project area and the applicant is a city, county, city and county, or redevelopment agency. An applicant that is otherwise eligible only for a loan may receive a grant if an amount equal to the tax increment resulting from the*

1 *development of the higher density uses is committed to the project*  
2 *for the remaining life of the redevelopment project area.*

3 (4) *An applicant who applies for a grant shall provide a*  
4 *20-percent match with nonstate funds.*

5 (b) To the extent that funds are available, the department shall  
6 make loans for the development and construction of a housing  
7 development project within close proximity to a transit station. To  
8 be eligible for a loan, at least ~~25~~ 20 percent of the units in the  
9 proposed development shall be made available at an affordable  
10 rent or at an affordable housing cost to households of very low,  
11 low, or moderate income, *with no less than 10 percent of the*  
12 *residential units made available at an affordable rent or at an*  
13 *affordable housing cost to households of very low or low income,*  
14 subject to the following:

15 (1) For rental units, the units shall be subject to a regulatory  
16 agreement recorded against the property that obligates the owner  
17 to maintain rents on the restricted units at levels affordable to very  
18 low-income or low-income households for at least 55 years.

19 (2) For ownership units, units shall be initially sold to *very low*  
20 *income*, low-income, or moderate-income households at an  
21 affordable housing cost, *and the unit shall be subject to a recorded*  
22 *covenant that includes either a resale restriction for at least 55*  
23 *years or equity sharing upon resale.* ~~Upon the resale of an assisted~~  
24 ~~unit, the public entity shall ensure the repayment of the public~~  
25 ~~funds and reuse of those funds for affordable housing for a period~~  
26 ~~of at least 20 years.~~ ~~The~~ The proposed mechanism for restrictions  
27 of ownership units shall be consistent with criteria established by  
28 the department.

29 (3) A housing development project may include a mixed-use  
30 development consisting of residential and nonresidential uses. For  
31 residential projects that contain both rental and ownership units,  
32 units of either or both product types may be included in the  
33 calculation of the affordability requirement.

34 ~~(e) Developments assisted pursuant to this section shall be on~~  
35 ~~parcels at least a portion of which are located within one-half mile~~  
36 ~~of a transit station.~~

37 (c) *The higher density uses supported by infrastructure pursuant*  
38 *to subdivision (a) and developments assisted pursuant to*  
39 *subdivision (b) shall be located within one-half mile of the entrance*  
40 *to a transit station, via a readily walkable route.*

(d) As used in this part, “transit station” shall have the same meaning as defined in subdivision (b) of Section 65460.1 of the Government Code.

~~SEC. 2. Section 53563 of the Health and Safety Code is repealed.~~

~~SEC. 3. Section 53563 is added to the Health and Safety Code, to read:~~

~~53563. The department shall develop guidelines for the distribution of grants consistent with the following:~~

~~(a) Projects shall include demonstrated local matching funds.~~

~~(b) In ranking applications pursuant to this part, the department shall, among other criteria, consider the extent to which the project or development will increase public transit ridership and minimize automobile trips.~~

~~(c) In ranking applications pursuant to this part, the department shall grant bonus points to projects with one or more of the following characteristics:~~

~~(1) The project involves multiple benefits, including, but not limited to, any of the following:~~

~~(A) Promoting a walkable community by mixing housing and retail development.~~

~~(B) Promoting a walkable community by developing housing near community resources such as schools, workforce development centers, parks, libraries, community centers, retail areas, and other services or amenities.~~

~~(C) Providing a mix of rental and home-ownership housing opportunities.~~

~~(D) Providing green space or community space within the development project.~~

~~(E) Any other benefits, as determined by the department.~~

~~(2) The project includes coordination of funding from one or more sources of state infrastructure bond funds other than funds made available under Section 53545.~~

~~(3) The project includes coordination of investments from multiple sources of local funding.~~

~~(4) The project is located, at least in part, within a redevelopment project area, or is located in an area designated for transit-oriented development in an adopted general plan, project area redevelopment plan, capital improvement plan, regional transportation plan, regional blueprint plan, or specific plan, and~~

1 the project is consistent with that plan. In order to be eligible for  
2 bonus points under this paragraph, a project located, at least in  
3 part, within a redevelopment project area shall comply with the  
4 housing production requirements set forth in paragraph (1) of  
5 subdivision (b) of Section 33413.

O